

Statement of Congressman Ron Kind

H.R. 4276, Permanent Extension of 10-Percent Individual Income Tax Rate Bracket
May 13, 2004

Mr. Chairman, I strongly support providing tax relief to middle-income Americans by extending the 10% tax bracket expansion that is scheduled to expire next year.

Without action, the current amount of income subject to the 10% tax bracket will decrease by \$1,000 for individual filers and \$2,000 for couples as required under the 2003 tax cut package. While the majority of the 2003 tax proposal that passed the House was fiscally irresponsible and designed to benefit only the wealthiest of Americans, its provision expanding the 10% tax bracket to benefit more middle-income taxpayers had bipartisan agreement. The legislation before us today and the substitute offered by Congressman Tanner will permanently extend the current income levels falling under the 10% tax bracket.

As we extend the 10% tax bracket expansion, we need to act in a fiscally responsible manner. It is unfair to Americans today, and especially the next generation, to delude ourselves by thinking the record budget deficits facing our nation, estimated by the White House at over \$500 billion this year alone, will simply go away.

As a member of the House Budget Committee, I supported a budget resolution that would have extended the 10% tax bracket expansion while still reducing the deficit. This approach requires tough choices, prioritization, and a bipartisan commitment to helping working families. With the House-Senate conference committee still negotiating the budget resolution for fiscal year 2005, I remain hopeful that we will be able to provide Americans continued tax relief today without raising the debt burden on our children's generation.

The substitute offered today by Representative Tanner is a more responsible bill that will provide relief to millions of families while not increasing the budget deficit. By adding a rate adjustment of 1.9 percentage points of the tax cuts for households making over \$1 million, the Tanner substitute provides a reasonable offset to benefit more American families without burdening our children with added debt that they will have to pay off. Further the Tanner substitute also completely protects against these tax cuts being taken back by the Alternative Minimum Tax, and provides incentive to address mounting federal deficits by making permanency of this tax provision contingent on a balanced budget in 2014. This is a superior approach, helps more Americans, and ensures most middle income taxpayers will not have to worry about a tax increase related to the 10% bracket in the near future.

Mr. Chairman, it is important that we act today to ensure average income Americans will not unfairly jump into a higher tax bracket in 2005. However, I believe we can and must provide this relief in a fiscally responsible manner that will not burden future generations of Americans. Just as it was true last week when we passed legislation permanently repealing the marriage penalty tax, our work is far from over in helping working families face the challenges of today's economy. We must come together in a bipartisan manner to craft a fiscally responsible budget resolution.